



# Australian Bureau of Statistics

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### PARTICIPATION AND UNDERUTILISATION IN THE ACT LABOUR MARKET

This article presents a brief analysis of the Australian Capital Territory (ACT) labour market, based on the following products recently released by the Australian Bureau of Statistics (ABS).

- *Labour Force Australia, March 2007* (cat. no. 6202.0)
- *Labour Force, Australia, Spreadsheets, March 2007* (cat. no. 6202.0.55.001)
- *Australian Labour Market Statistics, April 2007* (cat. no. 6105.0).

It compares some labour force characteristics of the ACT civilian population aged 15 years and over with national figures, and considers changes in labour force characteristics over time. It also provides labour underutilisation rates for the ACT.

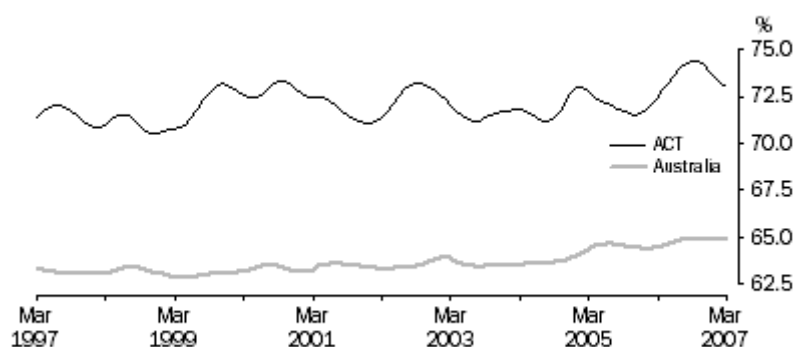
#### Labour force participation

As at March 2007, the civilian population of the ACT aged 15 years and over was 264,500 persons. Almost three-quarters of these (73%, or 192,500 persons) participated in the labour force - i.e. they were either employed or unemployed (see **Definitions** for further information).

The ACT has the highest labour force participation rates of any Australian state or territory. In March 2007, the Northern Territory had the second highest trend participation rate (69%), followed by Queensland (68%) and Western Australia (67%). The national trend participation rate was 65%.

Although there have been periods of fluctuation, labour force participation rates have tended to increase over the past decade. In March 1997, the trend participation rate for the ACT was 71%, compared with 63% for Australia.

LABOUR FORCE PARTICIPATION RATE, ACT and Australia: Trend series—  
March 1997 to March 2007



Source: *Labour Force, Australia, Spreadsheets, March 2007* (cat. no. 6202.0.55.001).

## Employed people

In March 2007, the ACT labour force comprised 186,700 employed persons and 6,200 unemployed persons. Three-quarters (75%) of those employed were working full-time, while 25% were working part-time. Nationally, 72% of employed persons in March 2007 worked full-time, while 28% worked part-time.

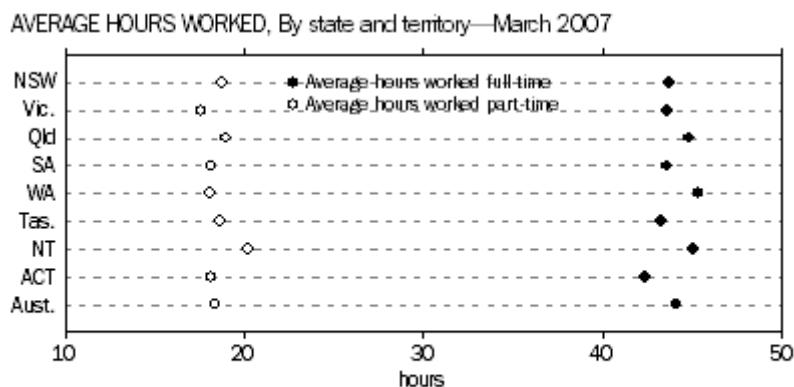
Men are more likely to be employed on a full-time basis than women. However, the ACT has a higher proportion of women employed full-time than the national average. In March 2007, 85% of employed males in the ACT were working full-time, compared with 65% of employed females. Nationally, 85% of employed males were working full-time, compared with 55% of employed females.

Of the 46,400 part-time workers in the ACT in March 2007, two-thirds (67%, or 31,200 persons) were female. Nationally, 70% of all part-time workers in March 2007 were female.

## Average hours usually worked

In March 2007, full-time workers in the ACT usually worked an average 42.4 hours per week, while part-time workers worked an average 18.4 hours per week. Nationally, full-time workers worked an average 44.1 hours, while part-time workers worked an average 18.4 hours.

Full-time workers in the ACT had the lowest average weekly hours of any state or territory. In March 2007, the highest full-time hours were recorded for employed people in Western Australia (45.3 hours), the Northern Territory (45.0 hours) and Queensland (44.8 hours).



Source: Labour Force, Australia, Detailed - Electronic Delivery, March 2007  
(cat. no. 6291.0.55.001).

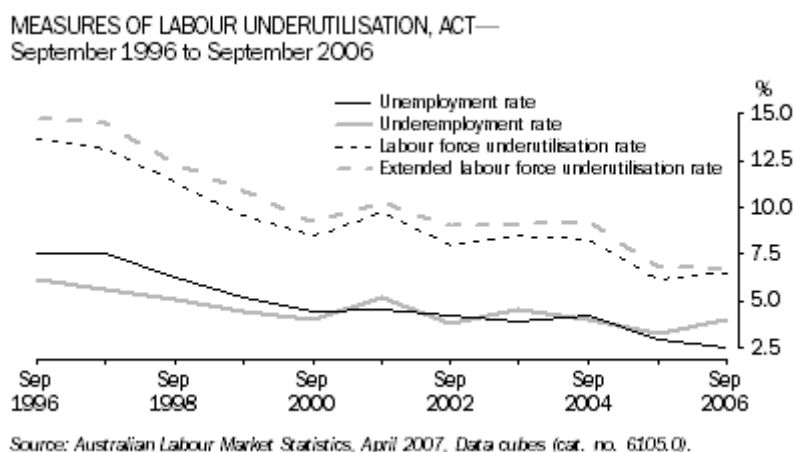
## Labour underutilisation

The extent to which the available labour supply is utilised - either through unemployment or underemployment - is of interest from a number of perspectives. From an economic perspective, interest has been focussed on the amount of spare capacity in the labour supply, and its potential to contribute to the production of goods and services. From a social viewpoint, there is concern that people whose aspirations for work are not met may suffer financially, personally and socially.

Labour underutilisation can be measured in a number of ways - in either population (headcount)

or hours (volume) based estimates. ABS produces both types of measures at the national level on an annual basis. Headcount measures of labour underutilisation are also available at the state or territory level, and give an indication of the proportion of the population affected by labour underutilisation.

The labour force underutilisation rate is obtained by adding the unemployment rate and underemployment rate (see **Definitions** for further information). Between September 1996 and September 2006, the labour force underutilisation rate for the ACT has declined from 13.7% to 6.5%. The extended labour force underutilisation rate (which also includes some people marginally attached to the labour force) decreased from 14.7% in September 1996 to 6.7% in September 2006.



Movement in unemployment is the primary driver of movements in the headcount measures of labour underutilisation. Levels of unemployment, and the unemployment rate, fluctuate with the economic cycle. The ACT unemployment rate decreased from 7.5% in September 1996 to 2.6% in September 2006. This is reflected in the labour force underutilisation rate and extended labour force underutilisation rate over the same period.

Overall, women have higher rates of labour force underutilisation (particularly underemployment) than men. In September 2006, the underemployment rate for ACT females was 5.1%, compared with 2.9% for ACT males.

ACT females had a labour force underutilisation rate of 8.0% and an extended labour force underutilisation rate of 8.3%. The labour force underutilisation rate for ACT males in September 2006 was 5.1%, while the extended labour force underutilisation rate for ACT males was 5.2%.

## Definitions:

**Discouraged jobseekers:** Persons with marginal attachment to the labour force who wanted to work and were available to start work within the next four weeks but whose main reason for not actively looking for work was that they believed they would not find a job for any of the following reasons:

- considered to be too young/too old by employers
- lacked necessary schooling, training, skills or experience
- difficulties because of language or ethnic background
- no jobs in locality or line of work
- no jobs available at all.

**Employed:** Employed persons include all persons aged 15 years and over who, during the reference week:

- worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and own account workers); or
- worked for one hour or more without pay in a family business or on a farm (i.e. contributing family workers); or
- were employees who had a job but were not at work and were:
  - away from work for less than four weeks up to the end of the reference week; or
  - away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week; or
  - away from work as a standard work or shift arrangement; or
  - on strike or locked out; or
  - on workers' compensation and expected to return to their job; or
- were employers or own account workers, who had a job, business or farm, but were not at work.

**Extended labour force underutilisation rate:** The unemployed, plus the underemployed, plus two groups of people marginally attached to the labour force:

(i) persons actively looking for work, not available to start work in the reference week, but available to start work within four weeks; and

(ii) discouraged jobseekers

as a percentage of the labour force augmented by (i) and (ii).

**Full-time employed:** In Labour household surveys, persons employed full-time are those employed persons who usually worked 35 hours or more a week (in all jobs) and those who, although usually working less than 35 hours a week, worked 35 hours or more during the reference week.

**Labour force:** The labour force is the labour supply available for the production of economic goods and services in a given period, and is the most widely used measure of the economically active population. Persons in the labour force are classified as either employed or unemployed according to their activities during the reference period by using a specific set of priority rules.

**Labour force underutilisation rate:** The unemployed plus the underemployed, as a percentage of the labour force.

**Marginal attachment to the labour force:** Persons who were not in the labour force in the reference week, wanted to work, and:

- were actively looking for work but did not meet the availability criteria to be classified as unemployed or
- were not actively looking for work but were available to start work within four weeks or could start work within four weeks if child care was available.

The criteria for determining those in the labour force are based on activity (i.e. working or looking for work) and availability to start work during the reference week. The criteria associated with marginal attachment to the labour force, in particular the concepts of wanting to work and reasons for not actively looking for work, are more subjective. Hence, the measurement against these criteria is affected by the respondent's own interpretation of the concepts used. An individual respondent's interpretation may be affected by their work aspirations, as well as family,

economic and other commitments.

**Underemployed workers:** Underemployed workers are employed persons who want, and are available for, more hours of work than they currently have. They comprise:

- persons employed part-time who want to work more hours and are available to start work with more hours, either in the reference week or in the four weeks subsequent to the survey
- persons employed full-time who worked part-time hours in the reference week for economic reasons (such as being stood down or insufficient work being available). It is assumed that these people wanted to work full-time in the reference week and would have been available to do so.

**Underemployment rate:** The number of underemployed workers expressed as a percentage of the labour force.

**Unemployed:** Persons aged 15 years and over who were not employed during the reference week and

- had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and were available for work in the reference week, or
- were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.

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